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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 003086

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TAGS: [PGOV](#) [KCOR](#) [PINR](#) [RP](#)
SUBJECT: ESTRADA FOUND GUILTY, BUT CALM REACTIONS SO FAR

REF: MANILA 2965

Classified By: Ambassador Kristie A. Kenney for
reasons 1.4.(b) and (d).

11. (SBU) Summary: After a six-year corruption trial, the Philippine anti-graft court handed down a guilty verdict for former president Joseph Estrada on the charge of plunder and sentenced him to up to 40 years in prison. Estrada was acquitted on the additional charge of perjury, while his codefendants, Senator Jinggoy Estrada, the former president's son, and Edward Serapio, the former president's personal lawyer, were acquitted on plunder charges. In a solemn and notably dignified court proceeding, Estrada reacted to the decision calmly but called the verdict a "political decision" from a "kangaroo court." Approximately 700 pro-Estrada demonstrators gathered on the streets outside the court, but the police and military, which had secured the area and the streets of Metro Manila with more than 6,000 soldiers and police, kept the demonstration peaceful. Mission will continue to monitor the so-far calm public reaction to the verdict. End Summary.

The Decision Against the Former President

12. (U) After a six-year trial, the three-judge panel in the Special Division Court of the Sandiganbayan anti-graft court announced its decision in the long-running corruption trial of former president Joseph ("Erap") Estrada. Estrada was found guilty of plunder for accepting millions of dollars in bribe money from illegal gambling operations, diverting millions of dollars of excise taxes to his personal accounts, depositing his proceeds into alias bank accounts, and profiting on commissions from stock manipulation. The former president was acquitted on the charge of perjury for non-disclosure of a number of businesses in a 1998 official statement of assets. Estrada's attorneys have fifteen days to ask the anti-graft court to reconsider, or can appeal directly to the Supreme Court.

13. (U) The court sentenced Estrada to "reclusion perpetua," or a maximum of 40 years, and ruled that his six years in detention since his trial began will be credited to this sentence. The prison sentence was accompanied by civil penalties and a permanent disqualification from public office. Estrada was ordered to forfeit approximately 15 million dollars in funds that he obtained illegally. The court also ordered forfeiture of Estrada's "Boracay Mansion," a luxurious estate in Metro Manila.

Continued House Arrest

14. (U) Estrada departed the court escorted by large numbers of police to return to his house in Tanay, Rizal, where he

has been detained for the last six years. Estrada's attorneys released a statement on his behalf, saying that the "conviction did not come as a surprise" and that the "rule of law was set aside" but "truth will ultimately prevail." President Arroyo's office issued a press release stating, "We bow to the decision of the Sandiganbayan; we hope and pray that the rule of law will prevail." Lead prosecutor Dennis Villa-Ignacio reiterated to the press that there was "no interference from Malacanang while the prosecution panel was doing its work." Villa-Ignacio added that before a presidential pardon could be considered by Arroyo, Estrada must exhaust the appeals process.

Demonstrations Peaceful, Smaller than Expected

¶5. (U) Contrary to government expectations and in contrast with the several hundred thousand who demonstrated in favor of Estrada in May 2001, only some 700 pro-Estrada demonstrators gathered on the streets outside the court, bearing "Justice for Erap, Justice for the Masses" posters. The police and military had secured the area with a 300 meter perimeter around the court, while more than 6,000 soldiers and police were placed at other strategic locations throughout Metro Manila, including the Malacanang Presidential Palace. Reports said that President Arroyo intended to stay in the palace as a precaution. The demonstrations remained peaceful and calm, however, with no reports of violence. Estrada supporters have reportedly scheduled rallies for the afternoon in other parts of Metro Manila, though large numbers of demonstrators are no longer expected following the low turnout for the verdict. Heavy rains the day of the verdict also helped dampen the response.

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In a brief CNN interview, Estrada called on his supporters to "calm down."

Comment

¶6. (C) The promulgation hearing was a solemn, dignified proceeding, both inside and outside the courthouse. The police and military, having learned a hard lesson from past popular demonstrations, were well prepared to avert any violent demonstrations. The appeals process will likely drag this case forward for many months to come but the general public appears to have welcomed the closure of at least the first portion of this long-running political distraction.

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KENNEY